

ANNUAL REPORT
OF THE
INTERIM STUDY COMMITTEE ON
INSURANCE



Indiana Legislative Services Agency
200 W. Washington Street, Suite 301
Indianapolis, Indiana 46204

October, 2011

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2011

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A copy of this report is available on the Internet. Reports, minutes, and notices are organized by committee. This report and other documents for this Committee can be accessed from the General Assembly Homepage at <http://www.in.gov/legislative/>.

I. STATUTORY AND LEGISLATIVE COUNCIL DIRECTIVES

In 2011, the Indiana General Assembly enacted IC 2-5-33.3 establishing the Committee to "study insurance in Indiana as follows:

- (1) Issues determined by the chairperson of the committee.
- (2) Issues assigned by the legislative council.
- (3) Issues regulated under IC 27.
- (4) Worker's compensation insurance."

The Legislative Council assigned the following additional responsibilities to the Committee for the 2011 Interim:

- (1) Health plan access to health care providers (HB 1582-2011).
- (2) Health care service prices and information (HB 1582-2011).
- (3) Health care provider office billing in connection with hospital charges (HB 1582-2011).
- (4) The appropriate statute of limitations for making a claim for occupational disease compensation (SB 576-2011).

II. INTRODUCTION AND REASONS FOR STUDY

Current Indiana law contained in IC 27 governs regulation of insurance companies (including worker's compensation insurance companies) doing business in Indiana and insurance-related matters affecting Indiana residents. Additionally, IC 22 regulates Indiana's worker's compensation system.

The Committee was established to facilitate the study of insurance-related issues that require more extensive study than is feasible during a session of the General Assembly, and to annually report its findings and recommendations for any proposed legislation to the Legislative Council.

III. SUMMARY OF WORK PROGRAM

The Committee met three times during the 2011 interim.

First Meeting

The first meeting of the Committee was held on August 2, 2011. The Committee considered testimony concerning the following:

- (1) Determinations concerning patient referrals for health care services.
- (2) Worker's compensation insurance.
- (3) Medical provider reimbursement by worker's compensation insurance carriers.

Second Meeting

The second meeting of the Committee was held on August 24, 2011. The Committee considered testimony concerning the following:

- (1) History and benefits of worker's compensation in Indiana.
- (2) Worker's compensation databases.

Third Meeting

The third meeting of the Committee was held on October 24, 2011. The Committee considered the following:

- (1) Long term care insurance.
- (2) The final report of the Committee.

IV. SUMMARY OF TESTIMONY

Minutes and attachments containing more detailed information concerning the Committee's 2011 interim work may be found at <http://www.in.gov/legislative/interim/>

The Committee heard testimony from representatives of the following groups:

- (1) Indiana Academy of Family Physicians.
- (2) Indiana Hospital Association.
- (3) Indiana State Medical Association.
- (4) Anthem.
- (5) Worker's Compensation Board of Indiana.

- (6) Insurance Institute of Indiana.
- (7) Indiana Manufacturers Association.
- (8) FAIRPAY Solutions.
- (9) Liberty Mutual Insurance.
- (10) Advanced Medical Imaging.
- (11) Indiana Compensation Rating Bureau.
- (12) Golitko and Daly.
- (13) Indiana Self-Insurers Association, Inc.
- (14) FAIR Health, Inc.
- (15) Indiana Department of Insurance.
- (16) American Council of Life Insurers.

Determinations concerning patient referrals for health care services

The Committee heard testimony concerning an increasing trend of hospital employment of physicians and related concerns about the freedom of those physicians to refer patients to independent health service providers. Also discussed was patient awareness that health services are available from independent health service providers. The members raised questions and received information concerning legal, quality, and cost concerns, referral practices, and efficiency issues related to this trend.

Worker's compensation insurance issues

The Committee heard testimony concerning: (1) employee dissatisfaction with Indiana's worker's compensation system; (2) medical provider payment practices among worker's compensation insurers; (3) difficulties with and proposed solutions for performance of the functions of the Worker's Compensation Board of Indiana (including determination of appropriate claim payment amounts under current law, a need for payment data, possible sources of data to make payment determinations, including the use of repricing services); and (4) recent trends in worker's compensation claims and payment.

History and benefits of worker's compensation in Indiana

The Committee heard testimony concerning: (1) the origin of worker's compensation; (2) types of benefits (including partial wage replacement, medical payment, permanent impairment compensation, and permanent disability benefits); (3) factors considered in calculation of payments; (4) the original intent of Indiana's worker's compensation law and changes in payment practices such that the original intent is no longer accomplished; and (5) proposed changes to current law and practices.

Worker's compensation databases

The Committee heard testimony concerning the history, components, and use of a worker's compensation database that provides information related to worker's compensation payments to payers and the public.

Long term care insurance

The Committee heard testimony concerning the: (1) history of long term care insurance; (2) background of comprehensive and partnership long term care insurance policies; (3) regulation of long term care insurance; (4) Interstate Insurance Product Regulation Compact (Compact); (5) development of long term care insurance standards under the Compact; and (6) Indiana Department of Insurance decision to opt out of the Compact standards for long term care insurance regulation.

V. COMMITTEE FINDINGS AND RECOMMENDATIONS

The Committee made the following findings of fact and recommendations:

Determinations concerning patient referrals for health care services (HB 1582-2011)

The Committee finds that no legislative action is necessary concerning this issue.

The Committee recommends that no further legislative action be taken with regard to this issue.

Worker's compensation insurance - permanent partial impairment provisions (SEA 576-2011)

The Committee finds that the issue of updating of permanent partial impairment provisions requires additional investigation and study to resolve inconsistencies in the information received by the Committee.

The Committee recommends that the General Assembly continue to study the issue of updating permanent partial impairment provisions to determine whether legislative action is needed and, if so, the appropriate action to be taken.

Worker's compensation insurance - medical provider payments (SEA 576-2011)

The Committee finds that further discussion is necessary concerning this issue to determine the manner in which it should be legislatively addressed.

The Committee recommends continued discussion by the Committee concerning this issue.

Long term care insurance

The Committee makes no findings or recommendations concerning this issue.

WITNESS LIST

Ray Agostinelli, FAIR Health
Charlie Burhan, Liberty Mutual Insurance
Ronald Cooper, Indiana Compensation Rating Bureau
Trevor Davis, FAIRPAY Solutions
Randy Devereaux, FAIR Health
Meredith Edwards, Indiana Academy of Family Physicians
Robert Fanning, Indiana Self-Insurers Association, Inc.
Robin Gelburd, FAIR Health
John Gerni, American Council of Life insurers
Matt Golitko, Golitko and Daly
Linda Hamilton, Worker's Compensation Board of Indiana
Logan Harrison, Indiana Department of Insurance
Ronald Hughes, interested party
Tim Kennedy, Indiana Hospital Association
Miriam Krol, American Council of Life Insurers
Mike Rinebold, Indiana State Medical Association
Ed Roberts, Indiana Manufacturers Association
Indiana State Senator Karen Tallian
Anita Strauss, Indiana Department of Insurance
Keith Wexler, M.D., Advanced Medical Imaging
John Willey, Anthem
Marty Wood, Insurance Institute of Indiana